

## 1.7 Maize marketing and trade policies in Zambia

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### Summary

**What has been done?** Zambia has a long tradition of intervention on maize markets, even during the so-called liberalization period. Intervention has intensified since 2005, including (i) measures to tighten control on trade through import licenses, import tariffs and non tariff measures; and (ii) policies influencing maize marketing, such as input subsidies and security and buffer stock schemes.

**How has it been implemented?** Zambia has implemented a wide scope of policies (thanks to higher public expenditures allocated to maize market regulation), but has not managed to enforce compliance with these policies. For instance, some discretionary policies have tended to discourage private actors' involvement in maize markets (2001/2002 and 2002/2003 crisis).

Despite the strong political influence of the Zambian National Farmers Union (ZNFU), small holders' interests are not really represented due to the lack of an official consultative mechanism.

**What were the effects?** Effects on producers include higher production growth rates during interventionist periods (no data is available on changes to producer prices).

Effects on consumers include a trend towards lower prices and less volatility.

Coefficient of variation	1994-2004	2005-2009
Wholesale real prices (monthly data)	0,35	0,24

Maize prices seem to have stabilized in the wake of the government's renewed intervention in maize markets, particularly the tighter controls over trade and marketing policies, but it is unclear whether this stabilization is due to increased public intervention or other factors (such as favorable climatic conditions). Authors have emphasized ineffectiveness of public intervention and widespread mistrust between the public and private sector, which tend to diminish policies' capacity to decrease food price volatility.

**What recommendations could be derived?** There is still room to regulate food markets more actively, such as through buffer stock and import controls. Periods of heavy market intervention seem to correspond to greater stability (although improved weather conditions could be the influencing factor, as well). The government should be encouraged to define and implement credible policies based on a transparent consultative process that involves the key stakeholders.